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SERVICE SECTOR INDICATORS

C I B C R

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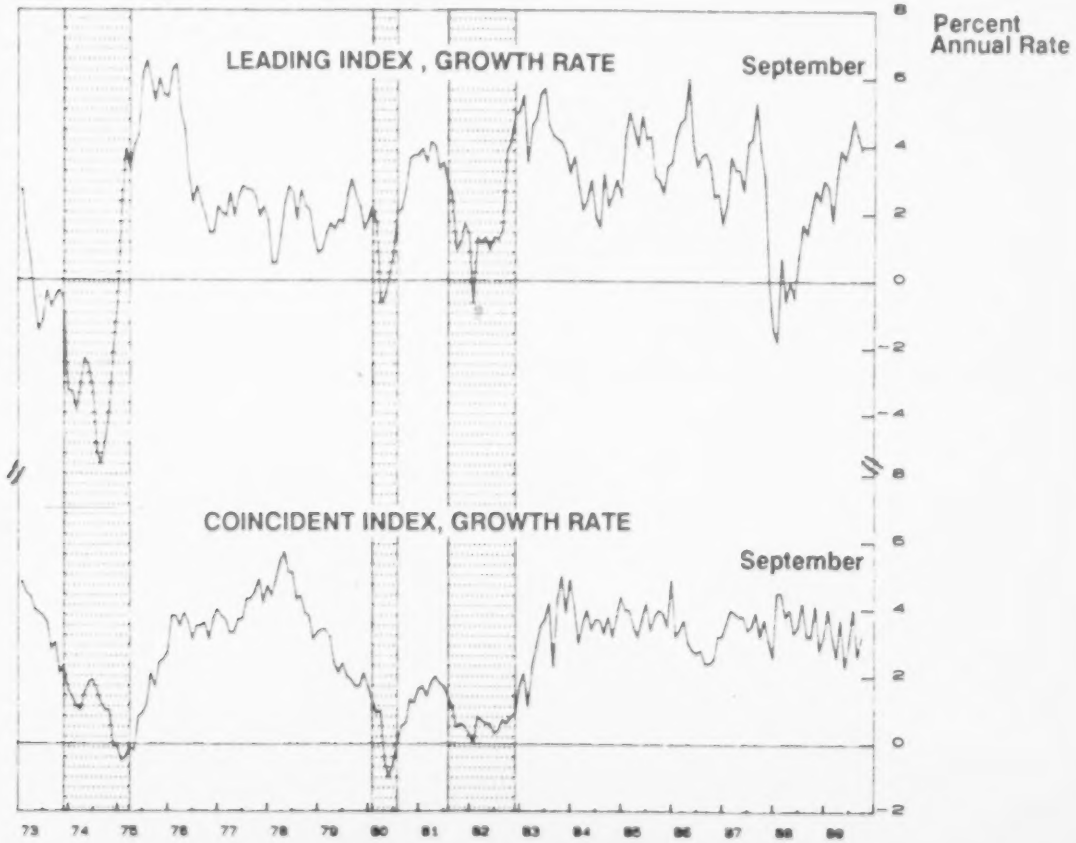
SERVICE SECTOR GROWTH CONTINUES

The leading index of service sector activity rose very marginally in September while its smoothed annualized growth rate fell to 3.9%. The index was pushed up by a climb in construction contracts for commercial buildings, along with small rises in the average workweek and stock prices in the service sector. These rises were offset by a drop in profit margins in the service sector.

The coincident index of service sector activity rose in September, while its annualized growth rate climbed to 3.2%. The index was pushed up by rises in personal consumption expenditures, labor income, and employee hours in the service sector.

Thus, the prospects for continued growth in the service sector appear to be good.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index (1967=100)*	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Index of Profit Margins, Services (1982=100)
	1.	2.	3.	4.	5.	6.
1988:						
Jan.	147.2	-1.8	32.84	746r	82.3	111.7
Feb.	149.3	0.7	32.98	912r	86.0	113.5
Mar.	148.4	-0.6	32.69	825	87.5	113.4
Apr.	149.0	0.0	32.93	822r	85.3	112.6
May	148.6	-0.5	32.78	817r	83.0	112.8
June	149.7	0.7	32.82	807r	89.2	113.5
July	150.5	1.7	33.00	838r	88.7	113.1
Aug.	150.3r	1.4r	32.76	864r	87.9	114.2
Sept.	150.8	2.1	32.88	805r	91.0	113.4
Oct.	151.3r	2.7r	32.96	768r	94.3	112.5
Nov.	151.2	2.4r	32.77	791r	91.7	114.3
Dec.	151.9	3.0	32.91	801r	92.9	113.8
1989:						
Jan.	152.1r	2.8r	32.95	871r	95.2	111.6
Feb.	151.7	1.8	32.75	667r	98.7	113.0
Mar.	153.0r	3.1r	32.81	781r	98.5	114.6
Apr.	154.0r	3.9r	33.07	773r	102.5	113.1
May	154.2	3.6r	32.75	802r	108.0	114.8
June	155.1r	4.1r	32.76	854r	111.6	115.4r
July	156.1r	4.8r	33.03	797r	116.5	113.9r
Aug.	156.2r	4.3r	32.71r	742	121.9	116.6r
Sept.	156.3	3.9	32.78	819	122.1	114.5

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index* (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1988:						
Jan.	181.0	4.5	1844.4	1263.5	667.3	106.6
Feb.	181.6	4.5	1854.1	1264.7	666.2	107.6
Mar.	181.5	3.8	1856.9	1269.5	664.6	107.0
Apr.	182.2	4.0	1859.7	1269.1	668.5	108.1
May	182.1	3.3	1862.5	1270.8	667.0	107.8
June	182.8	3.5	1868.6	1278.6	667.0	108.5
July	184.0	4.2	1874.7	1283.9	672.2	109.7
Aug.	183.7	3.2	1880.8	1291.4	667.4	108.9
Sept.	184.2	3.2	1886.1	1285.6	674.2	109.2
Oct.	185.6	4.1	1891.4	1297.5	680.3	110.3
Nov.	184.9	2.8	1896.7	1292.6	672.6	110.0
Dec.	185.8	3.2	1899.5	1295.5	678.5	110.8
1989:						
Jan.	187.2	4.0	1902.3	1297.1	693.2	111.5
Feb.	187.0	3.2	1905.1	1311.7	683.7	111.2
Mar.	186.8	2.6	1910.0	1311.2	679.9	111.2
Apr.	188.4	3.7	1915.0	1315.7	690.5	112.5
May	187.5	2.3	1919.9	1318.4	681.4	111.5
June	188.7r	3.0r	1923.8	1322.9	691.8	112.2
July	190.1r	4.0r	1927.7	1326.4r	702.4r	113.2r
Aug.	189.3r	2.6r	1931.6	1333.4r	691.7r	112.3r
Sept.	190.3	3.2	---	1337.6	698.3	112.6

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.

r = revised.

Cols. 1, 2 and 4 are revised because of revisions in Construction Contracts.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.

4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adusted by CIBCR.

5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.

6. This series is constructed by CIBCR using the price deflator for services consumption, labor income, and an experimental monthly services output index developed by the Federal Reserve Board.

9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.

11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.

12. Bureau of Labor Statistics, all employees.

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